

SPECIAL TIF LEGISLATION MEMORANDUM TO STATE LEGISLATORS / October 12, 2015

TO: Senator Jerry Petrowski and Representative Spiros

SUBJECT: Special State TIF Legislation for the Village of Weston

EXECUTIVE SUMMARY:

These are the outcomes that the Village of Weston is seeking from the Special TIF Legislation to be considered by the State Legislature in the Fall 2015 Session.

- 1) **Priority #1: Enable the Village of Weston to add an additional 10 years to the maximum life of its TIF District #1 (TID #1) and to add an additional 10 years to the project costs/expenditure period of its TID #1.**

This special legislation would allow the Village of Weston to continue economic development activities in TID #1 beyond the date of 3/30/2016, for an additional 10 years (out to 3/30/2026), and to allow the debt obligations of TID #1 to be paid-in-full by 3/30/2031, which would be an increase of 10 additional years.

<u>TID #1:</u>	<u>Maximum Life (Existing Law)</u>		<u>Maximum Life (Special Legislation)</u>	
	<u>in Years</u>	<u>Maximum Date</u>	<u>in Years</u>	<u>Maximum Date</u>
Maximum Life of TID	23 years	3/30/2021	33 years	3/30/2031
Maximum Project Cost Period	18 years	3/30/2016	28 years	3/30/2026

- 2) **Priority #2: Enable the Village of Weston to exceed the present 12% TID valuation limit and to allow the Village to execute a "one-time" boundary amendment (project plan amendment) for its TIF District #1, to permit the Village to foster further economic development opportunities for more businesses in the future.**

This special legislation would allow the Village of Weston to amend the 1998 boundaries of TID #1 to include additional adjacent parcels that have been targeted in the Village's 2015 10-year comprehensive plan for future economic development opportunities, as well as to allow TID #1 to collect TID tax increments to make repayments on any potential TID capital borrowings for any future TID #1 projects.

Other Facts of Importance:

- 1) **Wisconsin Taxpayers Alliance ranked the Village of Weston as the 27th lowest equalized municipal tax rate at \$5.80 per \$1,000 of equalized valuation (for December 2013 tax rates) out of the 100 largest Wisconsin cities and villages with populations over 10,000 in 2014.**

In addition, 20 out of 26 communities with lower equalized municipal tax rates than the Village of Weston have significantly larger property valuation bases to rely upon, ranging from twice to as much as six times larger in property valuation than the Village of Weston. The Village of Weston has this 27th lowest tax rate in the State without the inclusion of its present TID valuation of \$200 million (in 2014, when the study was completed).

- 2) **Senate Bill 55 / Assembly Bill 136: TIF Valuation Test**

This bill would allow a municipality's TID valuation limit to increase from 12% to 15%.

- However, since the Village of Weston's TID limit is already exceeding 15%, this bill would not be of assistance to the Village of Weston's economic development strategic plan.

3) **Senate Bill 56 / Assembly Bill 137: Distressed TID's**

This bill would allow a municipality to designate a TID as "distressed or severely distressed" to the extended sunset date of October 1, 2020, which had been formerly the date of October 1, 2015.

- However, since the Village of Weston is seeking to continue its use of economic development financing options by using TID financing during the next 10 years in the Wausau MSA region, then declaring the Village's TID #1 as "distressed" would eliminate all economic development options and progress for the Village of Weston during a 10-year period.

4) **Previous Special TID Legislation provided to other communities in Wisconsin Statutes (by which the Village of Weston is seeking similar Special TIF Legislation):**

- a. **Providing extension of years for the allocation of positive tax increments for the following communities: Wis. Stat. 66.1105(6)(a)(10 – 12):**
 - City of Middleton, Village of Wales, and City of Wausau (our neighboring municipality, who had received special TIF legislation in 2013)
- b. **Providing extension of years for the expenditure of project costs for the following communities: Wis. Stat. 66.1105(6)(am)(2)(d – g):**
 - City of Racine, Village of Denmark, City of Middleton, City of Marinette, Village of Wales, and City of Wausau (our neighboring municipality, who had received special TIF legislation in 2013)
- c. **Providing exception to the 12% TID Valuation Limit Test: Wis. Stat. 66.1105(17)(c)(1 – 2):**
 - Village of Pleasant Prairie

VILLAGE OF WESTON
HISTORICAL & CURRENT STATISTICS FOR TIF DISTRICT #1

TIF District #1:

- Original Date of TID Creation: 3/30/1998
- Type of TID at Creation: Industrial Use after 10/01/1995 (TID Type - #4)

- Date of Amendment #1: 11/18/2002
- Type of TID Amendment: Added Blight Designation to TID

• Tax Incremental Base Value:	\$15,241,600 (at 1/1/1998)
• Current Equalized Value:	\$213,505,300 (at 1/1/2015)
• TID Equalized Value Increase:	\$198,263,700 (at 1/1/2015)
• 2015 TID Property Taxes:	\$4,360,418
• 2015 Debt Service Payment:	<u>\$5,387,596</u>
• 2015 Shortfall in TID Property Taxes to meet Debt Service Payment	<u>(\$1,027,178)</u>
• 2016 Estimated TID Property Taxes:	\$4,641,849
• 2016 Debt Service Payment:	<u>\$5,535,342</u>
• 2016 Shortfall in TID Property Taxes to meet Debt Service Payment	<u>(\$893,493)</u>

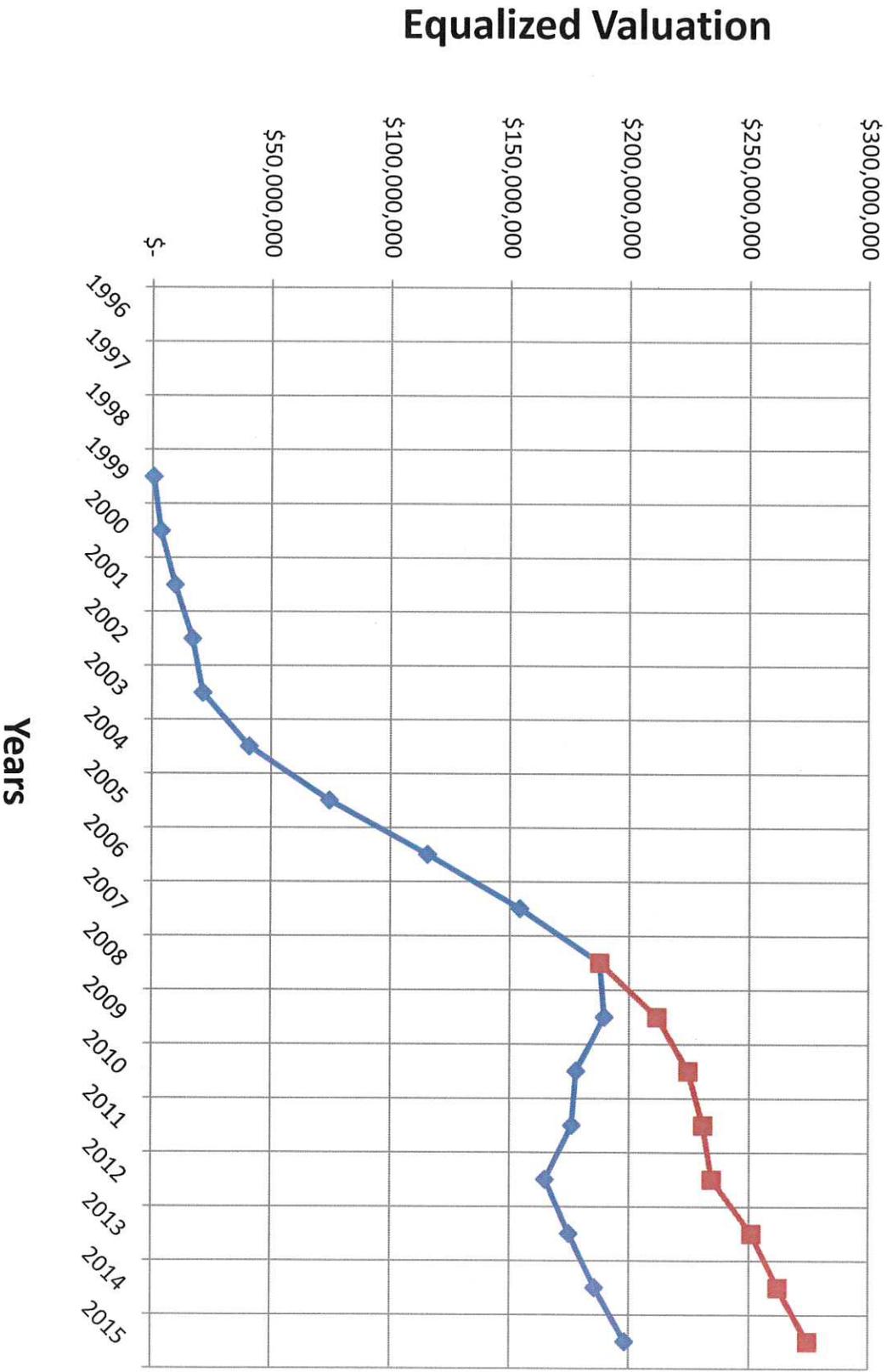
- **EXISTING LAW:**
 - Number of Project Plan Amendments Allowed: 4 amendments
 - Last Date to Incur Project Costs/Expenditure Period: 18 years = 3/30/2016
 - Maximum Life of TID before any extensions: 23 years = 3/30/2021
 - Extensions Allowed by State for Industrial Use TID: None
 - Maximum Life of TID after any extension: 23 years = 3/30/2021
 - 12% Valuation Limitation must be met when adding any territory
Last Date to declare this TID "distressed"
10/01/2015 (sunset has expired)

- **SPECIAL TIF LEGISLATION REQUESTED (highlighted in yellow):**
 - Number of Project Plan Amendments Allowed: 4 amendments
 - Last Date to Incur Project Costs/Expenditure Period: 28 years = 3/30/2026
 - Add an additional 10 years to Project Plan Life
 - Maximum Life of TID before any extensions: 33 years = 3/30/2031
 - Add an additional 10 years to Maximum Life of TID
 - Extensions Allowed by State for Industrial Use TID: None
 - Maximum Life of TID after any extensions: 33 years = 3/30/2031
 - Add an additional 10 years to Maximum Life of TID

- **SUMMARY OF SPECIAL TIF LEGISLATION REQUESTED:**
 - 1) Add an additional 10 years onto project plan life/expenditure period
 - 2) Add an additional 10 years onto maximum life of TID
 - 3) Allow Village of Weston to exceed the 12% TID increment valuation limit, to allow for a "one-time" boundary amendment (project plan amendment) to the existing boundary of TID #1
 - 4) Create similar legislation as was provided for the City of Wausau in **2013 Wisconsin Act 32** (from 2013 Senate Bill 85 and 2013 Assembly Bill 129)

VILLAGE OF WESTON

TIF District #1 Equalized Valuation 1996-2015



Official Preliminary Estimates, 1/1/2014, Wisconsin Municipalities, with Comparison to Census 2010

Source: Wisconsin Demographic Services Center

RANKED BY LOCAL TAX RATE

DOA Code	FIPS 5	Muni Type	Municipality Name	County	Preliminary Estimate 2014	2014 Rank	Census 2010	Numeric Change	Percent Change	Dec. 2013/ 2014 Budget Equalized Local Tax Rate	Voting Age Estimate 2014	Voting Age Census 2010
41192	86700	V	Whitefish Bay	Milwaukee	14,105	23	14,110	-5	-0.0%	\$ 5.60	10,021	9,933
71008	50850	T	Menasha	Winnebago	18,624	24	18,498	126	0.7%	\$ 5.65	14,621	14,389
68265	59250	C	Oconomowoc	Waukesha	16,293	25	15,759	534	3.4%	\$ 5.66	12,123	11,618
13165	60200	V	Oregon	Dane	9,420	26	9,231	189	2.1%	\$ 5.79	6,789	6,592
37192	86025	V	Weston	Marathon	15,090	27	14,868	222	1.5%	\$ 5.80	11,061	10,799
46271	64450	C	Port Washington	Ozaukee	11,439	28	11,250	189	1.7%	\$ 5.84	8,954	8,726
68206	10025	C	Brookfield	Waukesha	37,847	29	37,920	-73	-0.2%	\$ 6.04	29,218	29,007
41226	27300	C	Franklin	Milwaukee	35,702	30	35,451	251	0.7%	\$ 6.19	28,255	27,800
13255	51575	C	Middleton	Dane	18,323	31	17,442	881	5.1%	\$ 6.26	14,454	13,633
32265	59925	C	Onalaska	La Crosse	18,159	32	17,736	423	2.4%	\$ 6.30	13,755	13,312
50173	63525	V	Plover	Portage	12,492	33	12,123	369	3.0%	\$ 6.33	9,422	9,060
67236	33000	C	Hartford	In Multiple Counties	14,320	34	14,223	97	0.7%	\$ 6.44	10,624	10,456
48276	68275	C	River Falls	In Multiple Counties	15,053	35	15,000	53	0.4%	\$ 6.46	12,576	12,420
05216	19775	C	De Pere	Brown	24,180	36	23,800	380	1.6%	\$ 6.56	18,593	18,133
41265	58800	C	Oak Creek	Milwaukee	34,707	37	34,451	256	0.7%	\$ 6.72	26,759	26,319
13286	82600	C	Verona	Dane	11,343	38	10,619	724	6.8%	\$ 6.73	8,132	7,543
13191	84350	V	Waunakee	Dane	12,622	39	12,097	525	4.3%	\$ 6.75	8,712	8,273
45146	44950	V	Little Chute	Outagamie	10,539	40	10,449	90	0.9%	\$ 6.84	8,035	7,894
14292	84425	C	Waupun	In Multiple Counties	11,502	41	11,340	162	1.4%	\$ 6.86	9,564	9,340
65221	23300	C	Elkhorn	Walworth	9,956	42	10,084	-128	-1.3%	\$ 6.89	7,287	7,313
52104	11950	V	Caledonia	Racine	24,880	43	24,705	175	0.7%	\$ 6.93	19,431	19,118
42281	75325	C	Sparta	Monroe	9,701	44	9,522	179	1.9%	\$ 7.08	7,351	7,149

Official Preliminary Estimates, 1/1/2014, Wisconsin Municipalities, with Comparison to Census 2010

Source: Wisconsin Demographic Services Center

RANKED BY LOCAL TAX RATE

DOA Code	FIPS 5	Muni Type	Municipality Name	County	Preliminary Estimate 2014	2014 Rank	Census 2010	Numeric Change	Percent Change	Dec. 2013/ 2014 Budget Equalized Local Tax Rate	Voting Age Estimate 2014	Voting Age Census 2010
67166	67475	V	Richfield	Washington	11,424	1	11,300	124	1.1%	\$ 1.77	8,771	8,596
45022	31550	T	Greenville	Outagamie	10,857	2	10,309	548	5.3%	\$ 2.01	7,703	7,247
08131	32790	V	Harrison	In Multiple Counties	9,844	3	0	9,844	**	\$ 2.69	0	0
05106	06350	V	Bellevue	Brown	14,760	4	14,570	190	1.3%	\$ 2.97	11,052	10,810
68270	62240	C	Pewaukee	Waukesha	13,728	5	13,195	533	4.0%	\$ 3.10	10,882	10,364
68010	44850	T	Lisbon	Waukesha	10,236	6	10,157	79	0.8%	\$ 3.52	7,755	7,625
05136	35950	V	Howard	In Multiple Counties	18,703	7	17,399	1,304	7.5%	\$ 3.53	13,839	12,756
30012	71125	T	Salem	Kenosha	12,058	8	12,067	- 9	- 0.1%	\$ 3.75	9,012	8,936
45020	30075	T	Grand Chute	Outagamie	21,767	9	20,919	848	4.1%	\$ 4.40	17,570	16,731
05178	77975	V	Suamico	Brown	11,593	10	11,346	247	2.2%	\$ 4.45	8,479	8,222
30174	63300	V	Pleasant Prairie	Kenosha	20,155	11	19,719	436	2.2%	\$ 4.46	15,159	14,695
32136	35450	V	Holmen	La Crosse	9,413	12	9,005	408	4.5%	\$ 4.64	6,653	6,306
68251	55275	C	Muskego	Waukesha	24,304	13	24,135	169	0.7%	\$ 4.91	18,371	18,076
56236	36250	C	Hudson	St. Croix	13,326	14	12,719	607	4.8%	\$ 4.91	10,046	9,501
30014	74650	T	Somers	Kenosha	9,512	15	9,597	- 85	- 0.9%	\$ 4.92	7,787	7,785
05104	03425	V	Ashwaubenon	Brown	16,855	16	16,963	- 108	- 0.6%	\$ 4.97	13,399	13,362
46255	51150	C	Mequon	Ozaukee	23,387	17	23,132	255	1.1%	\$ 4.98	18,155	17,793
68181	78750	V	Sussex	Waukesha	10,669	18	10,518	151	1.4%	\$ 5.06	7,718	7,539
67131	28875	V	Germentown	Washington	19,891	19	19,749	142	0.7%	\$ 5.19	14,969	14,726
68261	56375	C	New Berlin	Waukesha	40,130	20	39,584	546	1.4%	\$ 5.40	31,868	31,147
65291	86925	C	Whitewater	In Multiple Counties	14,913	21	14,390	523	3.6%	\$ 5.49	13,252	12,681
68151	51000	V	Menomonee Falls	Waukesha	35,798	22	35,626	172	0.5%	\$ 5.54	27,821	27,434

**VILLAGE OF WESTON
EQUALIZED VALUATION COMPARISON**

CALENDAR YEAR BEGINNING 1/01	TAX INCREMENTS ON TIF DISTRICTS			TOTAL EQUALIZED VALUE	% CHANGE	
	TIF DISTRICT #1	ENV. TIF DISTRICT	TIF DISTRICT #2			ALL OTHER AREAS
ACTUAL						
1996	-	-	-	\$ 347,695,900	\$ 347,695,900	
1997	-	-	-	383,410,300	383,410,300	10.27%
1998	-	-	-	425,575,100	425,575,100	11.00%
1999	\$ 608,700	-	-	447,799,000	448,407,700	5.37%
2000	3,632,600	-	-	481,672,800	485,305,400	8.23%
2001	9,577,100	-	-	520,555,400	530,132,500	9.24%
2002	16,902,000	-	-	546,836,900	563,738,900	6.34%
2003	21,195,200	\$ 12,700	-	576,425,400	597,633,300	6.01%
2004	40,781,700	458,700	-	628,518,100	669,758,500	12.07%
2005	74,363,900	371,300	\$ 1,016,200	675,866,400	751,617,800	12.22%
2006	115,473,200	434,400	2,798,500	748,656,900	867,363,000	15.40%
2007	154,191,400	500,800	11,941,400	789,413,500	956,047,100	10.22%
2008	187,727,700	2,729,900	25,817,000	843,351,100	1,059,625,700	10.83%
2009	189,627,800	2,602,800	23,060,400	837,660,500	1,052,951,500	-0.63%
2010	177,744,100	N/A	17,788,100	822,122,000	1,017,654,200	-3.35%
2011	176,015,600	N/A	18,110,800	836,246,300	1,030,372,700	1.25%
2012	164,865,600	N/A	14,011,600	787,833,200	966,710,400	-6.18%
2013	174,839,500	N/A	12,627,900	809,005,600	996,473,000	3.08%
2014	185,640,800	N/A	14,120,200	801,221,900	1,000,982,900	0.45%
2015	198,263,700	N/A	14,354,500	818,999,200	1,031,617,400	3.06%

% Average Annual Growth (1996-2014) = 6.05%

2015 Change	\$	12,622,900	\$	234,300	\$	17,777,300	\$	30,634,500
		6.80%		1.66%		2.22%		3.06%